

**BUTTE COUNTY  
CHILDREN AND FAMILIES COMMISSION  
Friday, October 18, 2002  
Minutes**

Held at the Mira Loma Drive county offices, the meeting was called to order at 8:40 a.m.

Item 1: Introductions

Commissioners present: Chair Patricia Cragar, Gary House, Mark Lundberg, Sandra Machida, Karen Marlatt, Linda Moore, and Gene Smith.

Commissioners absent: Jane Dolan, and Marian Gage.

Staff present: Cheryl Giscombe, and Eva Puciata.

Staff absent: None.

Item 2: Agenda Review

The Bio-Break, and Items 9 and 10 (9 and 10 were combined) were moved to before Item 7, to accommodate the conference call to Steve Kaplan.

Item 3: Approval of Draft September 20, 2002 Minutes

**Mark Lundberg moved to accept the minutes as written. Karen Marlatt seconded. The motion passed unanimously.**

Item 4: Public Hearing on the 2001/2002 Draft Annual Audit and Draft Annual Report

The public hearing opened and closed without public comment.

Item 5: 2001/2002 Draft Audit Report – Wallace Rowe of Wallace Rowe & Associates

Cheryl introduced Wallace Rowe (Wally), CPA. Staff spent a total of three days during the last month with him, going over the financial records of the BCCFC. Working with him was a good learning experience.

Wally referred to the draft of the audit report (A revised copy was passed out.), where it says, "In our opinion the financial statements present fairly in all respects the financial position of the BCCFC for the year ended June 30, 2002." This is an unqualified opinion, the best report an auditor can give.

Some revisions to the receivables were made (page two of the handouts--revenues posted by the Butte County Auditor to FY 02-3, were accrued back to FY 01-02 to match figures from the First 5 State Commission. This will inflate the FY 01-02 revenues, but make next year's revenues match dispersals from the State.).

Wally reminded the Commission that Prop 10 tax apportionments are expected to fall and grant expenditures will likely rise, so the Fund Balance at June 30, 2002 (\$7,900,518), is probably the highest it will ever be.

Gene Smith asked about interest. Wally said we have 7.496 million in pooled cash and investments in the County Treasury. Approximately a 5% interest rate was earned last year. Commission monies are earning a higher interest rate than most funds in the County Treasury because over 5 million is maintained and few transactions are made. Interest rates are going down; next year interest earnings may be more or less, depending on how fast money goes out the door.

Wally went on to the Budget to Actual Statement, and said as the agency matures, we will be able to budget closer to actuals. For example, over 3.5 million was budgeted for FY 01-02 expenditures, yet only 1.6 million was spent. He doesn't see a problem with the differences this year.

On page 7 Wally pointed out the last sentence of paragraph two: "The results of our tests disclosed no instances of non-compliance that are required to be reported herein under *Government Auditing Standards*." And, "We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness." There are no audit findings. However a separate management letter is included.

Wally went over the management letter's four suggestions for improving internal processes and controls:

1) Two employees are not enough to carry on Commission business adequately. It is recommended that the other two employees budgeted for, be hired as quickly as possible.

2) Contract language is still vague. This was mentioned in last year's audit, so having the issue again may almost be considered a finding. However, the language in new contracts has improved over the old. More tightening and organization is necessary. Future contract language should clearly state grantee requirements, and which costs are reimbursable by the Commission. Contract awards should be tied to professional audit reports, and should be required of any grantee receiving more than 300K, from us or a combination of funders. Site visits need to be made to check whether grantees are adequately performing, and are keeping accounting records in an organized manner.

Gene asked for an example of the error we're making about what costs are ours. Wally gave an example of a grantee's budget listing \$50K to be reimbursed in salaries, but not saying whose salaries. Too, the agency could be getting reimbursed for the same expense from several agencies funding them.

Sandra said she thought proper reporting was occurring. Cheryl explained Gina Ellena's reporting was mostly project benchmarks and services; what Wally is referring to is contract language and very specific conditions of reimbursement.

Wally said a playground contract of ours has no requirement for a copy of the final inspection report. If the playground is not up to code, who is liable for the costs of re-doing the playground? Who will be liable if a child is injured because a playground we funded is not to code?

Wally read management item number three. A commission employee needs to regularly review the accounting records done by the Butte County Auditor, and ask for corrections when errors are found.

Wally read number management letter number four. Transfers are being made from the Commission's cash account to County departments without first being approved by a Commission employee. No documentation is submitted for these transfers. This practice needs to stop immediately.

Gene asked for an example. Wally said the County transfers have not yet been material, totaling about \$11K in FY 01-02. It appears some of the charges are monthly charges based on the County's indirect cost allocations plan. Then there are other charges, like for \$2,165.53, which appear in the accounting records without documentation.

Gene asked if taking care of Item 1 would address Management Letter Items 2, 3, and 4. Wally said more staff definitely is the answer to Items 2 and 3. Item 4 requires a County systems change.

Gary said all the County depts. get hit with phantom charges. And, every time a phone call is made to another dept., the meter is running on the other end. He thinks the charges are legitimate, but the Commission has a right to ask for documentation to support every charge, and suggested a letter be written to the Auditor to ask for a change in the way the billings are done.

Cheryl said the only dept. providing documentation is the Public Health Dept.

Wally asked Gary and Patricia if their depts. are provided with documentation, and was answered documentation is provided if they push hard enough. The Commission will have more leverage.

Linda asked if we were only hiring one person. Cheryl said, yes at this point. A fourth position is allocated and will be considered after the Program Admin Analyst position is filled.

**Gary House made a motion to accept the Audit Report. Sandra Machida seconded. The motion passed unanimously.**

Patricia thanked Wally Rowe for presenting.

Sandra Machida noted the revenues reported in the Audit are higher than in the Financial Plan. Eva Puciata said yes, they are higher; revenues posted to FY 02-03 by the Butte County Auditor were accrued to FY 01-02. **The Financial Plan will be corrected to the Audit.**

Cheryl said the **Annual Report would also be updated to the Audit.**

Gary asked who receives copies of the Annual Audit. Cheryl said it is available to the public, it is sent to the Board of Supervisors along with the Annual Report for review and comment per the Bylaws, and to the State Commission. The management letter does not have to go.

Item 6: DRAFT Annual Report - Cheryl Giscombe, Program Manager

Cheryl said the State Commission developed the reporting form last year. It's heavier and thicker this year because last year all the mini-grants were combined on one reporting form. Next year there will be a new reporting format. County Commissions are giving input regarding a better format.

Cheryl said this year's report is updated from last years. No new population figures from the Dept. of Finance are available yet, so these figures are the same as last year. Pages 2 to 5 are taken from the Strategic Plan. Updates begin on page 5 at D. Included is information about the big grants, mini-grants, REWARD, School Readiness, I&R System, and the Funding Prioritization process.

The report was due last Tuesday, October 15, and State accepted the annual report as a draft. Revisions can be made.

Major accomplishments listed are: 11 more projects in addition to 30 mini-grants, the funding prioritization process, four focus area commitments, and REWARDS and School Readiness. We may want to include the Financial Plan as an accomplishment.

Under "Summary of Innovative and Promising Practices, Program Highlights," Project REWARD was focused. The I&R System could be included here.

Project REWARD is again featured under "Service Integration and Collaboration," along with School Readiness, and the Grants Management Council.

**The financial pages of the Annual Report will be adjusted** to Auditor Wally Rowe's figures to show the accrued revenues. Eva explained the Annual Report and Audit "Fund Balance" would still be different to the tune of 2.38 million, as the Fund Balance per Annual Report instructions subtract out contract encumbrances.

**Patricia asked that the Financial Plan be included as an accomplishment, and the I&R Project be included under "Innovative Practices."**

**Sandra asked if a couple of paragraphs delineating numbers could be included: so many agencies were involved, partnerships, collaboratives, so many children, diversity, special needs, and covering all 5 SP areas. A keyword like "capacity-building" reflects what we're trying to do.**

Karen Marlatt said a noteworthy thing she noticed at the Grants Mgmt. Council: many of the agencies who submitted letters of intent to apply for a big grant, actually are working under one of the winning 11 grants.

Gene voiced appreciation for the great deal of work put into the report. He is glad they'll be changing the reporting format to make it more user-friendly.

Cheryl said many commissions do two reports, one for the State requirement, and one that is user-friendly. The State Commission is encouraging county commissions to send in other formats as examples for the new format for next year.

**Patricia suggested an executive summary would be helpful.**

**Gene made a motion to approve the Annual Report for submission to the State, with the changes and suggestions made. Karen Marlatt seconded. The motion passed unanimously.**

A Bio-Break occurred at 9:38 a.m. and the meeting resumed at 9:50 a.m.

Items 9 & 10: Strategic Plan Committee Report; and Advisory Groups' Oral Presentations on Strategic Plan Priorities

A conference call was made to Steve Kaplan.

Gene referred to the Strategic Plan Committee Report in the mailing packet. Recommended revisions were modified slightly during last month's meeting, and we'll be talking about recommended changes this month. Steve is concerned we are broadening priorities instead of narrowing them. Steve will talk about his concerns and how to proceed from here.

Cheryl said the advisory groups would first share their feedback.

Anna Dove, spoke for the Butte County Tobacco Prevention Coalition, whose members are committed to prevention of the harmful effects of tobacco use in Butte County. An orientation packet was passed out. Anna said guidelines from the CA Children & Families Commission regarding tobacco prevention and cessation were included with their funding prioritization letter. The guidelines are critical, as second-hand smoke can be deadly. Anna said nicotine is linked to SIDS, ear problems, respiratory problems like asthma, pneumonia and bronchitis, and early weaning. The US Surgeon General has described smoking as the most preventable cause of poor pregnancy outcomes.

Exposure to even extremely low levels of tobacco smoke is linked to decreased cognitive skills. The higher the level of exposure, the lower the test scores. In 47% of fetal death cases reviewed by the Butte/Glenn Medical Society, the mother smoked or was exposed to smoke.

Anna said cessation is a costly thing to fund. Tobacco dependence is a chronic condition, often requiring repeated intervention. Yet \$61 million was cut out of the CA State Tobacco Prevention fund this year (45% of programs!). Butte County Public Health efforts receive \$150K, the same as small counties like Sierra. Competitive grants are available, but funding goes away. Anna listed several programs that worked but were discontinued because of lack of funds. The attachment to the Tobacco Prevention Coalition letter has highlighted services, provided to families of children 0-5. The Coalition wants the BCCFC to fund successful tobacco reduction programs, and would like to work with us to create a plan.

Debra Henley presented for the Children's Services Coordinating Council, which looks at all services available to children 0-5 in an effort to coordinate services and support funding and grant proposals for them. The CSCC went over the SP and identified some additional need areas: 1) Non-traditional mental health services, provided by agencies other than traditional behavioral health, which would include in-home visitation, respite services, parenting and life-skills classes, mentoring programs, and supervised visitation. 2) Domestic violence affects Butte County children at high rate. Violence experienced/witnessed between the ages of 0-3 influences brain and nervous system development. 3) Oral health needs addressed; need more dentists serving children. And 4) Missing in the SP is addressing poverty and general basic needs: 23% of Butte County children live below the poverty level. CSCC prioritized the focus areas: Diagnostic assessment and outreach to families are critical; but the most critical is comprehensive health, including mental health and social services. The CSCC believes the highest percentage of funding should be allocated to it.

Heather Senske presented for the Local Planning Council, beginning by thanking the Commissioners for the process we've gone thru thus far. The LPC is pleased early childcare and education is represented in the five preliminary needs. There are still gaps in service delivery and quality levels. Having an outcome of high quality programs and services is critical. Some needs not yet addressed in our county or statewide are migrant population needs, sick respite, non-traditional hours of care, and increased infant care.

Only the CSCC has prioritized the BCCFC's priority areas. Advisory groups were asked to respond to Commission prioritization.

Gene asked Steve what the next steps are for narrowing the SP focus areas.

Steve said the presentations he just heard bring out the importance of having a better way to select what the Commission will fund. All of the advisory committees have important areas they would like funded. The challenge is there isn't enough money to fund everything. The preliminary funding areas were an attempt to focus where the money will go.

Steve said these are the five next steps:

- 1) Translate needs to outcome/goal statements, and then list some objectives for each.

For example: Comprehensive Preventative Oriented Healthcare should be changed to a goal statement like "Children are healthy and well-nourished." (Comp. Preventative Oriented Healthcare is a strategy, not an outcome. The Commission needs to purchase outcomes.) A goal statement is a future state of change for children and families. First identify a goal statement, and then identify objectives to achieve the goal.

Objectives are specific areas that need to be addressed in order to achieve the goal. Objectives are like, "Children 5 and under have health coverage." The indicator would be the percentage of children 5 and under who have health coverage in the county. Another objective could be, "Children achieve the expected weight and height for their age," with the indicator being the percentage of children that do so. A third objective could be, "Families are supported in providing for the health needs of their children."

Many people have difficulty differentiating strategies from outcomes. Another county wanted to have a comprehensive information and referral system in place. Steve's question to them was, "So what? Say you have that? Does that mean in and of itself that anything different has changed for children? Not necessarily!" Having an I&R system is a strategy to accomplish what? The answer lies in the "So what?" question.

Steve recommended the Commission not purchase particular strategies, but purchase particular outcomes, by translating needs to goals, and putting some very specific objectives under that goal that contribute to the success of achieving the goal.

The second step is, evaluate each outcome based on the priority criteria. (Use data if it's available. If no data, go to the stakeholders.)

For example, for the goal of "children are healthy and well-nourished," add an objective like health coverage. (The assumption is, that children with health coverage are going to have a greater chance of being healthy and well nourished.) Evaluate the objective against the criteria established. For example, what is the size of need? In Butte's prioritization of criteria, the size of the need, cost of waiting, and long-term benefits were top criteria for determining the importance of the particular outcome.

Step three: some objectives will rise to the top, meeting the criteria for funding.

The fourth step would be to look at best practices matching the selected objectives. (The tobacco presentation today listed some best practices that would help achieve lower fetal deaths related to tobacco.) Identify best practices, and then see how they match up to Butte County. Some research-based strategies may not fit the county.

Step 5 is to identify what BCCFC's investment will be to fund those best-practice strategies, which becomes the funding plan.

Steve said some of the objectives in the SP line up well with the five priority areas. They should be looked at to make sure they support the goals. Each one of the five priority areas needs a goal statement.

Gene said it seems we're not as far ahead as we thought. There's still a lot of SP work to do before we are ready to create a funding allocation plan.

Steve said Marian asked whether there is enough objective data to support the priority areas. More data collection can be costly and time intensive. The State's SRI survey may provide objectives and indicators to support our goals and help us make decisions.

Patricia said we'll assimilate the info Steve provided today, the SP committee will regroup to consider the info. Patricia asked what the SP timeline was. Cheryl said the original intent was to include the prioritization in the update of the SP, due to the State by November 30, but considering this new info, the SP Committee will need to determine when the prioritization will be ready for inclusion, and if the full Commission should be part of the process.

Cheryl said the SP Committee has a conference call scheduled with Steve on October 22, to hammer out some considerations and prepare recommendations to the full commission.

Patricia thanked Steven Kaplan. Steven will send a written outline of the 5 steps.

Item 7: Administration Committee Report

Cheryl reported the Administration Committee decided to indicate whether items were action or discussion, or both, on the Commission meeting agenda as requested by Patricia.

Staff gave an overview of required Commission reporting timelines: the Annual Report and Audit Report, Project REWARD report, were all due on October 15. The second school readiness application is due to the State Commission on Dec. 15, 2002, and the Strategic Plan Annual Review and Revision is due to the Board of Supervisors and the State Commission in November.

Having additional meetings in October or November was discussed because a lot of business needs addressed: an example is the SR application approval where a quorum is needed (Dec. 4, 5, or 6).

The last item discussed by the committee was whether to recommend an additional Commissioner sit on the newly formed Tobacco Monies Advisory Commission. Gary said the new commission has nine members. Both he and Jane will sit on it. At this point it doesn't seem necessary that another BCCFC Commissioner be recommended. Gene said the intent was to formalize the link between the commissions. It isn't certain whether Gary or Jane will sit on the new commission as BCCFC Commissioners or in their other capacities. Sandra said it seems having Gary and Jane is sufficient, and it was decided to leave the issue for now.

Item 9: Staff Report

Cheryl said during the last meeting she was directed to provide a more inclusive description of Prop 10 County Commission work, for submission to the Board of Supervisors to correct the language currently in Ordinance 3826.

Cheryl read the revision (wording taken from the Commission website and The California Children & Families Act): "Voters of California adopted Prop 10 in 1998 to add a 50 cent-per-pack tax on cigarettes. The monies collected are to be used to fund programs that support and improve early childhood development through coordinating resources and programs that emphasize family support, parent education, childcare and development, and health care. The Act also works to protect children from exposure to harmful substances like tobacco, drugs, or alcohol and make sure that expectant mothers get good prenatal care. Prop. 10 is unique because it represents a historic effort to gather input from the public. Prop 10 directs each county to create a strategic plan based on extensive input from communities, including families, service providers, and advocacy groups. The plan outlines how counties will use these funds to develop a comprehensive, integrated system of support and services for all children, 0 to 5 years of age."

Gene said this description addresses the concern he raised at the last meeting. Cheryl did a good job capturing the mission of the county commissions.

**Gary House moved to accept the description and to forward it to the BOS and ask for an amendment of the existing ordinance. Gene Smith seconded. The motion passed unanimously.**

Cheryl passed out a roster listing ad hoc committee members, and asked if there are changes. Although awarding contracts is not on our agenda for a while, the Contract Awards Committee will have to meet for other issues, like the audit suggestions, development of policy, and issues with contracts.

**Karen Marlatt made a motion to approve the amended roster. Linda Moore seconded. The motion passed unanimously.**

Cheryl listed some updates not on the written report: Increased phone and email queries are coming in asking when there will be another funding round. The Financial Plan accepted at the last Commission meeting says the next funding will be available in FY 04-05. Gary said the Administration Committee has talked about developing a written policy on how to deal with impromptu funding requests. The policy will be brought back to the full Commission.

Gene asked whether we fully adopted the Financial Plan. It is fully adopted with the understanding it can be revisited. It's a fluid document, tied to the SP and funding priorities.

Cheryl reported on November 4 a TASC mental health/childcare centers training will be held in Oakland. Four slots are available to Butte County, and Cheryl asked if Commissioners or public wish to attend.

(The State is developing a matching mental health fund initiative.) Sandra indicated tentative interest. Cindy Young may be available.

**Gary asked if the Commission pays for attendance of non-Commission staff. Cheryl said her guess is that the workshop is free to all, but travel and lodging would not be paid for the public.**

Cheryl said Rogers and Associates is offering Media Training, and asked when Commissioners are available. It was decided the training would be held on December 10, from 1-4p.m., most probably at 202 Mira Loma Drive. The training is for Commissioners, staff, and grantees.

It was decided that a special meeting will be held for approval of the School Readiness application on Friday, December 6, at about 10a.m., for about one-half hour.

Eva said next month the canary Financial Summary will be discontinued. In its place will be the spreadsheet from the Financial Plan, with an added column with year-to-date figures, so comparisons of planned vs. actual can easily be made.

#### Item 11: Measure G Presentation

Phyllis Bond could not make the meeting, but submitted a letter which Cheryl read aloud. The American Cancer Society, American Lung Association, American Heart Association, and the Butte Glenn Medical Society support measure G.

Attachments to Phyllis' letter show funding distributions and comparisons to Ordinance 3826 enacted by the BOS, which apportions most of the Tobacco Settlement Funds to the County Sheriff and only 2.09% to health services.

Measure G, if passed, will apportion 75% of the funds to various healthcare programs (including 10% for the Public Health Dept.), 20% to Fire and Sheriff, and 5% to the County for administration and oversight.

#### Item 12: Announcements

Heather said the Master Plan for Education is available and is worthy of reading (1/2 inch thick). Prop 10 School Readiness committee ideas were integrated into the Master Plan, and it's exciting to see the pre-K population included.

Linda shared a Safe from the Start video obtained at the early October conference at Gold County Casino, and a booklet containing ideas for violence intervention. **Patricia asked to borrow the video.**

Cheryl said one of the calls for funds was from Mike Ramsey, wanting funds for a domestic violence response team.

Sandra Machida said Saturday at Butte there's a Nor-Cal conference. The keynote speaker coordinates special education for Los Angeles County. LA County used their school readiness funds (and much of their regular funds) for a universal pre-school.

Heather said a Transfer of Knowledge Symposium, sponsored by one of the governor's advisory committees, would happen on November 15 (next Commission meeting date). Local leadership teams will attend to develop a county plan for addressing special needs. Teams of nine are invited; Heather is coordinating the Butte County team. Karen Marlatt will attend.

The meeting adjourned at 11:15 a.m.

Minutes by Eva Puciata.